



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**TODD P. GRAVES**

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**FOR IMMEDIATE RELEASE**

## **RAYTOWN CHILD DAY CARE OWNER INDICTED FOR MAKING FALSE STATEMENTS IN SBA LOAN**

**KANSAS CITY, Mo.** – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that the owner of a Raytown, Mo., child day care business was indicted by a federal grand jury today for making false statements in order to receive a Small Business Administration loan.

**Patricia S. Turley**, 62, of Mapleton, Kan., was charged in a single-count indictment returned by a federal grand jury in Kansas City. **Turley** was the president and majority owner of Pinstripes & Petticoats, Inc., 7607 Raytown Road in Raytown, Mo.

Today's indictment alleges that on Feb. 26, 1999, **Turley** signed an application for a \$311,000 business loan guaranteed by the Small Business Administration for the startup costs of the child care business. **Turley** allegedly certified that \$75,000 in cash and property was injected into the business as permanent equity capital. The loan was approved, according to the indictment, based in part on that false information.

One of the exhibits for the loan application was the Owner Equipment Investment form, signed by **Turley**, which represented the borrower was injecting personal property into Pinstripes & Petticoats with a total value of \$43,778. **Turley** allegedly knew this listing of personal property was materially false and inflated, and that the true value of personal property being injected into the business was substantially less.

As a condition of the loan, the lender – The Business Loan Center, Inc. – had to obtain evidence that prior to loan disbursement at least \$75,000 in cash and assets had been injected into the business as equity capital. On March 31, 1999, **Turley** closed on the SBA guaranteed loan and the related purchase of real estate at 7607 Raytown Road. According to the indictment, at that time **Turley** signed a document entitled Equity Injection, which certified that the attached

documentation represented an equity injection of \$75,000 as required under the terms of the SBA authorization.

The Equity Injection certification and related documents were false, fictitious and fraudulent, the indictment alleges. After paying an earnest deposit of \$500 and an additional \$11,500 at closing toward the purchase of the property, **Turley** allegedly repaid herself \$11,500 using corporate and SBA guaranteed loan funds, knowing that these repayments were in violation of the Equity Injection certification.

Among those documents was an \$11,000 invoice for landscaping, which the indictment alleges is false, in that the construction firm never received such payment.

Also among the documents was an attachment entitled Owner Equipment Investment and related personal property listing. The indictment alleges that documentation was materially false, fictitious and fraudulent because it inflated the personal property being injected into the business. The listing showed a total value of \$43,778 for the injected property, when **Turley** allegedly knew the true value of such property was significantly less. For example, the indictment alleges, **Turley** knew that certain property shown on this listing, valued at more than \$10,000, did not exist.

Adding machine tapes and totals and invoices representing purchases of inventory totaling about \$4,876 and purchases of furniture and fixtures totaling about \$5,729 were also attached to the Equity Injection certification. The indictment alleges those documents were materially false, fictitious and fraudulent, because **Turley** knew that all but a few of these items were purchased with credit to be later paid with corporate funds, and therefore did not qualify as owner equity injection.

Graves cautioned that the charge contained in the indictment is simply an accusation, and not evidence of guilt. Evidence supporting the charge must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorney Christina Y. Tabor. It was investigated by the U.S. Small Business Administration, Office of Inspector General.

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This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

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